

ARIZONA: Leveling the Playing Field

"In order to keep jobs here at home, we need to be opening up markets for our Arizona products... you see, we can compete with anybody, anytime, anywhere, so long as the playing field is level."

*-- President George W. Bush
Phoenix, Arizona*

Trade Plays a Significant Role in Arizona's Economy: People from all over the world are buying Arizona's products, which helps fuel Arizona's economy and create jobs. And free and fair trade has led foreign companies to invest in Arizona and hire Arizona workers.

- ✓ Arizona exported \$13.3 billion in goods to 194 foreign markets in 2003, and is the nation's 16th largest exporting state.
- ✓ More than one-fourth of all manufacturing jobs in Arizona depend on exports. And U.S. jobs supported by goods exports have been estimated to pay wages 13% to 18% higher than the U.S. national average.
- ✓ There are 730 foreign companies in Arizona employing 55,400 Arizona workers, and 24% of these are manufacturing jobs.

Arizona Benefits as President Bush Levels the Playing Field: The Bush Administration has worked aggressively to level the playing field for Arizona's manufacturers, farmers, ranchers, and workers by opening new markets, removing barriers that hurt Arizona's exporters, enforcing our trade laws and combating unfair trade practices, and promoting Arizona's exports.

- **Opening New Markets for Arizona:** Arizona workers and businesses benefit from the Bush Administration's free trade policy which is:
 - **Negotiating free trade agreements for Arizona's exporters.** Arizona exports over 10% – nearly \$1.4 billion – of its goods to countries with which this Administration has completed or is negotiating free trade deals. Arizona stands to benefit greatly from the tariff reductions and market opening in these agreements.
 - **Opening markets for Arizona cotton.** The Administration has worked hard to expand markets for Arizona's top agricultural export, cotton. Cotton exports to China have increased 3100% over the last four years, and this year is already a record breaker. During the first seven months of 2004, the U.S. exported a record \$1.3 billion in cotton to China – a 283% increase over same time period last year. And after two years of Administration advocacy, China issued final safety certificates for biotech soybeans, cotton, corn and canola oil, assuring that China's quick-growing multi-billion dollar market will remain open to Arizona and other U.S. farmers. The Central American free trade agreement (CAFTA) the

Administration completed this year will also give Arizona's cotton exporters immediate duty-free access to those markets. The Farm Bureau estimates that this agreement could mean \$1.5 billion for American farmers and ranchers.

- **Opening markets for Arizona computer and electronics products.** Through FTA negotiations, the U.S. successfully pressed Bahrain to join the WTO Information Technology Agreement, committing to zero tariffs on computer, telecommunications, and related products. Computer and electronic products are Arizona's top exports.
 - **Opening markets for Arizona manufacturers.** The U.S. International Trade Commission indicates that FTAs which the Administration has negotiated open significant markets for U.S. exporters, especially in sectors important to Arizona's economy. U.S. machinery and equipment exports to Australia, Morocco, and the CAFTA countries would increase by as much as \$680 million, \$128 million, and \$400 million, respectively. And U.S. industry estimates that the Australian FTA could increase manufacturing exports by \$2 billion. Arizona's workers, businesses, and consumers stand to benefit greatly from these free trade agreements. Machinery manufactures are Arizona's 3rd largest export category, with some \$808 million sold abroad last year. Arizona sells nearly one-fifth of these products to countries with which this Administration has negotiated or is negotiating free trade deals.
 - **Opening markets in Central America for Arizona's seed growers and vegetable producers.** Under the U.S.-Central American FTA, which includes the Dominican Republic, Arizona's seed growers and vegetable farmers will enjoy immediate duty free access for a number of their products. As the nation's 2nd largest exporter of seeds and 11th largest exporter of vegetables and preparations, Arizona stands to benefit greatly from open export markets.
- **Removing Barriers that Hurt Arizona's Exporters:** The Bush Administration's aggressive actions to remove barriers for American exporters are helping Arizona's manufacturers and workers by securing:
- **Duty-free exports for Arizona's top exporters.** Arizona's manufacturers of computers and electronics, transportation equipment, and machinery will pay no duties on products sold to Australia, Morocco, Chile, Singapore, Bahrain, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic as a result of free trade agreements negotiated by this Administration.
 - **Duty-free exports for Arizona's information technology exporters.** Arizona's information technology producers will pay no duties on their goods sold to Australia, Morocco, Chile, Singapore, Bahrain, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic as a result of free trade agreements negotiated by this Administration. Ranking as its top export, Arizona sold nearly \$6.8 billion in computer and electronic products, which includes information technology, to the world in 2003. Nearly 13% – \$839.6 – of these goods went to countries with which this Administration has negotiated or is negotiating free trade agreements.

- **Lower barriers for Arizona's information technology exports.** Following intensive discussions with the U.S., Chinese officials eased burdensome import requirements on information technology products, affording Arizona companies greater access to tariff reductions and eliminations to improve the market for Arizona goods. Arizona sold over \$550 million in computer and electronic products to China last year.
 - **Duty-free exports for Arizona's industrial manufacturers.** Arizona manufacturers of industrial machinery, machine tools, and fabricated metal products will pay no tariffs on products sold to Australia, Morocco, Chile, Singapore, Bahrain, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic as a result of U.S. free trade agreements with these countries.
 - **Duty-free exports for Arizona's transportation equipment manufacturers.** Arizona manufacturers of autos, auto parts, civil aircraft and aircraft parts, trucks and motorcycles, including many small and medium-sized businesses, will benefit from tariff elimination in our free trade agreements with Australia, Morocco, Chile, Singapore, Bahrain, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. The majority of tariffs on these products will be eliminated immediately. Arizona sold over 12% of its transportation equipment exports to free trade partners with which this Administration has negotiated deals or is currently negotiating. Aircraft and aircraft parts are the state's 2nd largest export with over \$2 billion in sales abroad last year.
- **Enforcing Trade Laws and Combating Unfair Trade Practices:** The Bush Administration's enforcement of trade laws and vigorous pursuit of allegations of unfair trade have produced real results for Arizona, including:
- **Ensuring fair access to China for Arizona's semiconductors.** The U.S. brought the first-ever WTO case against China to ensure fair tax treatment for U.S. semiconductors in China, the fastest growing semiconductor market. Within months, China agreed to our demands, ensuring Arizona and other U.S. exporters fair access to a market worth over \$2 billion to American manufacturers. Arizona's sold over \$5.5 billion in semiconductors to the world last year – the state's top export – and over \$550 million in computers and electronic products to China.
 - **Ensuring fair access to China for Arizona telecommunications equipment producers.** The U.S. blocked China from adopting technical rules that would have prevented U.S. telecom equipment manufacturers from expanding in China. As a result of Administration action, China agreed to suspend indefinitely its proposed implementation of a unique Chinese standard (WAPI) as a mandatory wireless encryption standard.

- **Promoting Arizona Exports:** The Administration actively works with American businesses to promote exports by leveraging the benefits of our international trade agreements. Some Arizona export successes include:
- **Linktivity in Tucson, AZ,** is a communications software company that was able to export approximately \$250,000 to countries such as Chile, Venezuela, and Australia in the first half of the 2004 fiscal year with assistance from the Administration's export promotion services.
 - **Gemtek Products in Phoenix, AZ,** a manufacturer of environmentally friendly cleaners, solvents, lubricants, specialty chemicals, and alternative fuels, successfully exported products totaling \$4.85 million last year to various European and Asian markets with assistance from the Administration's export promotion services.
 - **Breault Research Organization in Tucson, AZ,** has utilized the Administration's trade missions, match making services and counseling in order to export their software products to 33 countries – which now account for 68% of their total software business.